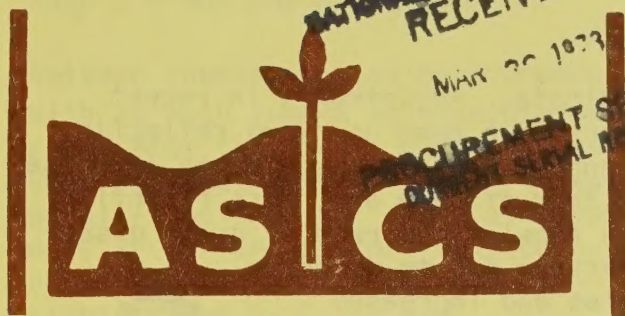


Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

U.S. DEPT. OF AGRICULTURE
NATIONAL AGRICULTURAL LIBRARY
RECEIVED
MAR 20 1973



MONTANA LETTER

February 28, 1973

PRESIDENT OUTLINES FARM POLICY

"Americans know their farmers and ranchers best for all they have done to keep us the best-fed and best-clothed people in the history of mankind," President Richard M. Nixon declared recently in his State of the Union message on natural resources and environment.

He also paid tribute to farmers as conservationists who "...know better than most that sound conservation means better long-term production and improved land values. More importantly, no one respects and understands our soil and water better than those who make their living by the land."

Looking ahead, the President described his goal for farmers as "very simple. The farmer wants, has earned, and deserves more freedom to make his own decisions. The Nation wants and needs expanded supplies of reasonably priced goods and commodities."

The President said these goals are complementary and both must be advanced further by legislation to follow the Agricultural Act of 1970 which expires this year.

"My Administration's fundamental approach to farm policy is to build

on the forward course set by the 1970 Act. These principles should guide us in enacting new farm legislation:

"--Farmers must be provided with greater freedom to make production and marketing decisions. I have never known anyone in Washington who knows better than a farmer what is in his own best interest.

"--Government influence in the farm commodity marketplace must be reduced. Old fashioned Federal intrusion is as inappropriate to today's farm economy as the old McCormick reaper would



As the sun moves higher and the days lengthen, this wintry scene may be more pleasant to contemplate than on the day the snow drifted into this shelterbelt.

be on a highly sophisticated modern farm.

"--We must allow farmers the opportunity to produce for expanding domestic demands and to continue our vigorous competition in export markets. We will not accomplish that goal by telling the

farmer how much he can grow or the rancher how much livestock he can raise. Fidelity to this principle will have the welcome effect of encouraging both fair food prices for consumers and growing income from the marketplace for farmers.

"--We must reduce the farmer's dependence on Government payments through increased returns from sales of farm products at home and abroad. Because some of our current methods of handling farm problems are outmoded, the farmer has been unfairly saddled with the unflattering image of drinking primarily at the Federal well. Let us remember that more than 93 percent of gross farm income comes directly through the marketplace. Farmers and ranchers are strong and independent businessmen; we should expand their opportunity to exercise their strength and independence.

"--Finally, we need a program that will put the United States in a good posture for forthcoming trade negotiations."

"In pursuing all of these goals," the President promised, "we will work closely through the Secretary of Agriculture with the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture to formulate and enact new legislation in areas where it is needed."

GOVERNMENT BINS TO BE SOLD

Grain growers in many areas of the State again this spring will have the opportunity to buy government-owned grain bins as we offer nearly 500 of the 972 we still own at auction. The proposed sales will reduce our storage capacity from about 3.4 million bushels to 1.7 million.

These sales are a continuation of USDA policy to adjust the volume of CCC storage from time to time as conditions

indicate. Adjustments in recent years have been downward reflecting changes in farm programs, an increase in farm storage and, more recently, the accelerated rate of grain disappearance due to domestic sales and increased exports.

A substantial portion of the bins which will be offered this spring have not been used to store government-owned grain for the last several years, although many have provided timely and valuable storage for producers and warehousemen on a rental basis.

Eligibility to purchase the offered bins will be limited to producers who certify that they will be used for storage or handling of agricultural commodities. This condition is designed to further USDA's objective of increasing and upgrading on-farm storage capability.

The dates and places of sales will be announced as soon as plans are complete.

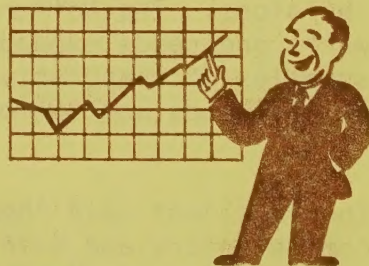
FRICK SEES PROGRESS

Agriculture made more progress in 1972 toward achieving an expanding status and ending the long era of price depressing surplus production of some key crops

than at any time in recent history. But, warned ASCS Administrator Kenneth E.

Frick, rising levels of demand for food and fiber are still not sufficient to warrant farmers planting "fence to fence."

"ASCS programs," he said, "are designed to help farmers close the income gap



between themselves and non-farmers with as much income as possible derived from the market place." Last year per capita farm income reached an all-time high but still averaged only 79 percent of that enjoyed by non-farmers. Other 1972 ASC highlights cited by Frick are:

--Farmers, under the Agriculture Act of 1970 and in a climate of market expansion, increased their gross income by \$5.5 billion over 1971 and their net income by \$2.75 billion, more than during any other year in history.

--Supplies of government-held surplus commodities were materially reduced and there is a good chance for sizeable additional liquidations in late spring thus shrinking a market depressant of long standing.

--ASCS per worker productivity increased enough to permit a 10 percent reduction in Federal employees and a 7 percent reduction in total man-years of employment in ASCS county offices during a time of heavy workload as participating farmers place more acres in commodity programs than ever before.

BUTZ DISCUSSES FOOD, INCOME

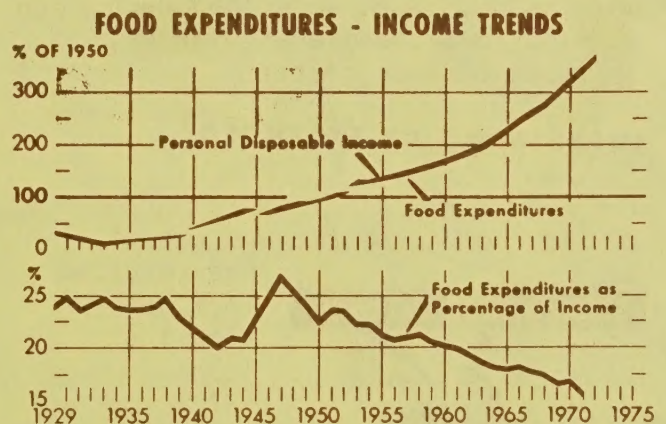
"The goals of high farm income and reasonable food prices for the people of this country are fully consistent," Secretary of Agriculture Earl L. Butz told those attending the recent 51st National Agricultural Outlook Conference in Washington.

In support of that statement he referred to recent figures from the Bureau of Labor Statistics showing that the average weekly spendable wages--income after Social Security and Federal income taxes are deducted--in December 1972 were up 7

percent over December 1971. During the same 12-month period, the Consumer Price Index rose only 3.4 percent, and food prices at retail, including restaurant meals eaten out, were up only 4.7 percent.

The Secretary also cited figures showing that while workers' incomes were rising faster than the prices they pay for food, net incomes of farmers rose to an all-time high of \$19.2 billion in 1972.

Wholesale prices for industrial products have risen steadily since 1947, he continued, while wholesale prices of farm prices have moved erratically,



declining in about half of those last 25 years. The record wholesale price for farm foods set in 1951 was not reached again until July of 1972. With 1947 as the base, the index of wholesale prices of industrial commodities in January stood at 169.6. The index of wholesale prices of farm products, by comparison, now stands at 131.8. Turning directly to food costs, Secretary Butz said that total food expenditures in 1972 amounted to only 15.8 percent of total take home pay, compared with 23.4 percent in 1929. "This reduction has taken place even though consumers have shifted to more expensive foods, bought more services with their

food, and are eating more meals away from home."

"Our policies in the areas of agriculture and food should not be farmers vs. consumers. What has happened in agriculture is good for all of us as consumers and taxpayers. Within a few months, we will be either out, or almost out, of government holdings of surplus grain. This will be the best position that we have been in since World War II. It will be a welcome day for farmers, for Congress, for the government and for the Nation," the Secretary declared.

"We are moving toward more farm income from the market and less from government. I am sure that each of us here today, and every farmer, applauds that progress."

LOANS WON'T BE EXTENDED

The need for grain to fill market demand, both domestic and export, has resulted in a decision that loans on 1972-crop feed grains will not be extended when they mature this spring. This ruling, along with those announced earlier, means there will be no resale for grain this year.

When loans mature, producers will have the options of redemption, delivery of collateral to the government to satisfy the loan, or deferment of the loan repayment for a specified period of time. The latter

ter option will be offered in areas where transportation and storage problems hinder movement of commodities into the free market. Maturity dates are April 30--rye and dry beans; May 31--wheat, barley, oats and flax; June 30--honey, and July 31--corn.

USDA announcements that resale would not be offered have also pointed out that loan agreements give Commodity Credit Corporation the option to call loans at any time.

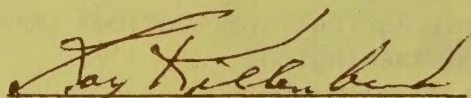
SIGNUP STARTS SLOWLY

The first couple weeks of signup apparently drew more shoppers than signers to our county offices judging by the February 16 signup report.

At that time, with two of the six weeks for signup gone, 760 wheat growers and 677 feed grain producers had signed up to participate. Their signup covered 53,524 of the total 1,341,272 wheat acres allotted for Montana this year, and 92,538 of the total feed grain base acreage of 2,257,350. Wheat growers have signed up to set-aside 47,478 acres including 25,096 of additional voluntary set-aside--the balance is qualifying required set-aside--while on feed grain farms, the set-aside totals 22,229 acres. The wheat and feed grain programs both offer options which require no set-aside for participation.

Signup for the 1973 programs continues through Friday, March 16.




Roy Killenbeck, Chairman
Montana State ASC Committee
P.O. Box 670
Bozeman, MT 59715